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8 **UNITED STATES DISTRICT COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**
10

11 PRESIDIO COMPONENTS INC.,

12 Plaintiff,

13 vs.

14 AMERICAN TECHNICAL CERAMICS
15 CORP.,

16 Defendant.
17

CASE NO. 08-CV-335 - IEG (NLS)

ORDER DENYING ATC'S MOTION
FOR RECONSIDERATION.

[Doc. No. 366]

18 Currently before the Court in this patent infringement case is ATC's Rule 60 Motion, Based
19 on Intervening Law, to Amend Judgment or for a New Trial Regarding Presidio's False Marking Prior
20 to October 24, 2008. [Doc. No. 366]. Having considered the parties' arguments, and for the reasons
21 set forth below, the Court **DENIES** the motion.

22 **BACKGROUND**

23 The factual and procedural history of this case is set forth in great detail in this Court's prior
24 order and need not be repeated herein. See Presidio Components, Inc. v. Am. Technical Ceramics
25 Corp., — F. Supp. 2d —, 2010 WL 1462757, at **2-4 (S.D. Cal. 2010). As relevant to this Order,
26 Presidio Components, Inc. ("Presidio") sued American Technical Ceramics Corporation ("ATC") for
27 patent infringement, and ATC counterclaimed. The patent at issue is U.S. patent number 6,816,356
28 ("the '356 patent"), which discloses and claims a substantially monolithic, multilayer capacitor with

1 fringe-effect capacitance between its external contacts. Presidio alleged ATC's manufacture of its
 2 545L series of monolithic, multilayer capacitors infringed the '356 patent. In its counterclaim, ATC
 3 alleged that Presidio falsely marked its Buried Broadband Capacitors ("BB capacitors") with the '356
 4 patent in violation of 35 U.S.C. § 292. The BB capacitors are monolithic, multilayered capacitors
 5 developed for broadband usage. During the litigation, Presidio conceded the BB capacitors do not
 6 embody the claims of the '356 patent. Nonetheless, Presidio asserts the BB capacitors at the very least
 7 employ the "substantially monolithic dielectric body" as used in the claims of the '356 patent, and as
 8 such served as the background to the inventions ultimately claimed in the '356 patent.

9 The case was tried to a jury in December 2009. The jury returned a verdict finding all of the
 10 asserted claims to be valid and infringed. The jury also found that Presidio's false marking of the BB
 11 capacitors prior to October 24, 2008, was not done for the purpose of deceiving the public. After
 12 hearing argument on the parties' post-trial motions, the Court upheld the jury's verdict in most
 13 respects, including in regards to Presidio's false marking prior to October 24, 2008.

14 LEGAL STANDARD

15 A motion for reconsideration can be filed "as may be allowed under Rules 59 and 60 of the
 16 Federal Rules of Civil Procedure." Civ. L.R. 7.1(i)(2). "Reconsideration is appropriate if the district
 17 court (1) is presented with newly discovered evidence, (2) committed clear error or the initial decision
 18 was manifestly unjust, or (3) if there is an intervening change in controlling law." Sch. Dist. No. 1J,
 19 Multnomah County, Or. v. ACandS, Inc., 5 F.3d 1255, 1263 (9th Cir. 1993) (citation omitted). "A
 20 motion for reconsideration 'may not be used to raise arguments or present evidence for the first time
 21 when they could reasonably have been raised earlier in the litigation.'" Marlyn Nutraceuticals, Inc.
 22 v. Mucos Pharma GmbH & Co., 571 F.3d 873, 880 (9th Cir. 2009) (citation omitted).

23 DISCUSSION

24 In its motion for reconsideration, ATC argues the Federal Circuit's recent decision in
 25 Pequignot v. Solo Cup Co., 608 F.3d 1356 (Fed. Cir. 2010), constitutes an intervening change in
 26 controlling law. According to ATC, the Federal Circuit in Solo Cup "established a new, two-pronged
 27 framework" for determining whether the accused false marker acted "for the purpose of deceiving the
 28 public" in violation of 35 U.S.C. § 292: (1) the court must first determine whether there is *objective*

1 evidence of the marker's "knowledge of falsity" to give rise to an inference of "intent to deceive," and
 2 (2) the court must then inquire whether the marker can rebut that presumption with sufficient
 3 *subjective* evidence of no intent to deceive. (See Def. Rule 60 Motion, at 1.) ATC contends that
 4 because this Court failed to follow this two-pronged framework, and instead applied a "single totality
 5 of the circumstances test," it should reconsider and vacate its earlier ruling on Presidio's false marking
 6 intent prior to October 4, 2008. (See *id.* at 2 (emphasis in original).)

7 Contrary to ATC's arguments, however, the Federal Circuit in Solo Cup expressly *reaffirmed*
 8 its prior framework as stated in Clontech Labs., Inc. v. Invitrogen Corp., 406 F.3d 1347 (Fed. Cir.
 9 2005). See Solo Cup, 608 F.3d at 1362-63. Accordingly, the Solo Cup decision does not represent "an
 10 intervening change in controlling law," and ATC is not entitled to a reconsideration.

11 Moreover, even if Solo Cup arguably constitutes "a new, two-pronged framework" for
 12 determining whether the accused false marker acted "for the purpose of deceiving the public" in
 13 violation of 35 U.S.C. § 292, the Court followed that exact framework when ruling on ATC's post-
 14 trial motion challenging the jury's finding that Presidio did not have the "intent to deceive" the public
 15 prior to October 24, 2008. Specifically, the Court then stated that:

16 "Intent to deceive, while subjective in nature, *is established in law by objective*
 17 *criteria*. Thus, '*objective standards*' control and 'the fact of misrepresentation coupled
 18 with proof that the party making it had knowledge of its falsity is enough to warrant
 19 drawing the inference that there was a fraudulent intent.' Thus, under such
 20 circumstances, the mere assertion by a party that it did not intend to deceive will not
 21 suffice to escape statutory liability. Such an assertion, standing alone, is worthless as
 proof of no intent to deceive where there is knowledge of falsehood. But in order to
 establish knowledge of falsity *the plaintiff must show by a preponderance of the*
evidence that the party accused of false marking did not have a reasonable belief that
the articles were properly marked (i.e., covered by a patent). Absent such proof of lack
 of reasonable belief, no liability under the statute ensues."

22 (Order on Post-Trial Motions, at 59 (quoting Clontech, 406 F.3d at 1252-53) (emphases added) [Doc.
 23 No. 348].) As can be seen, the Court expressly noted that the "intent to deceive" inquiry is established
 24 by *objective* criteria, with the burden on ATC to show "by a preponderance of the evidence that
 25 [Presidio] did not have a *reasonable belief* that the [BB capacitors] were properly marked." (See *id.*
 26 (emphasis added).) Having reviewed the parties' arguments, the Court then concluded that ATC failed
 27 to meet its burden because "there was substantial evidence before the jury to find that ATC has failed
 28 to demonstrate that prior to October 24, 2008, the Devoes lacked a 'reasonable belief' that the '356
 patent covered the BB capacitors." (See *id.* at 60 (citing Clontech, 406 F.3d at 1252-53).)

1 Furthermore, the Federal Circuit in Solo Cup specifically cautioned that “[t]he bar for proving
 2 deceptive intent here is particularly high, given that the false marking statute is a criminal one, despite
 3 being punishable only with a civil fine.” 608 F.3d at 1363 (citations omitted). Accordingly, “*a purpose*
 4 *of deceit*, rather than simply knowledge that a statement is false, is required.” Id. (emphasis added).
 5 “Thus, mere knowledge that a marking is false is insufficient to prove intent if [the marker] can prove
 6 that it did not consciously desire the result that the public be deceived.” Id. In this case, the jury has
 7 found,¹ and the Court has agreed, that ATC has failed to demonstrate such intent to deceive on behalf
 8 of Presidio. Accordingly, ATC has failed to meet its burden under Solo Cup’s first objective prong.

9 Finally, to the extent any presumption of intent to deceive the public applies in this case, such
 10 presumption is rebuttable in nature. See Solo Cup, 608 F.3d at 1362-63. In the present case, just like
 11 in Solo Cup, 608 F.3d at 1363, the Court found that Presidio effectively rebutted the presumption
 12 when it “provided credible evidence that its purpose was not to deceive the public” with its marking.
 13 For example, Dan Devoe testified that although he did not inquire as to whether the BB capacitors
 14 practiced any of the claims of the ‘356 patent, he believed that they *did* practice the ‘356 patent. (Trial
 15 Tr. Day 2, at 44:7-44:19.) Likewise, although Lambert Devoe initially testified that Presidio did not
 16 “form a belief or understanding whether any particular claim of the ‘356 patent covered the BB
 17 capacitor,” he later clarified that Presidio “thought those [marking] decisions were correct,” especially
 18 in light of a cross-sectional diagram on the front cover of the ‘356 patent which “looks remarkably
 19 similar” to the BB capacitors. (Trial Tr. Day 2, at 131:24-132:3; Trial Tr. Day 3, at 21:18-24:19.)
 20 Similarly, Gunter Vorlop testified at his deposition that he believed that Presidio had a patent on its
 21 BB capacitors, and that one of those patents was the ‘356 patent. (Vorlop Dep., at 207-08 (Jan. 6,
 22 2009), attached to Def. Motion for JMOL on False Marking, Ex. 5.) In light of this substantial
 23 evidence, the Court reaffirms its prior finding that Presidio effectively rebutted any inference of
 24 “intent to deceive” the public that might have arisen. See Solo Cup, 608 F.3d at 1364 (“Thus, a good
 25

26 ¹ For the same reasons, the Court concludes that the jury instructions in this case were not
 27 erroneous in light of Solo Cup. For example, the Jury Instruction No. 37 specifically told the jurors
 28 that “[i]ntent to deceive, while subjective in nature, *is established in law by objective criteria*. Thus,
objective standards control and the fact of misrepresentation coupled with proof that the party making
 it had knowledge of its falsity is enough to warrant drawing the inference that there was a fraudulent
 intent. Thus, under such circumstances, the mere assertion by a party that it did not intend to deceive
 will not suffice to escape liability.” (Jury Instructions, at 63 (emphases added) [Doc. No. 297].)

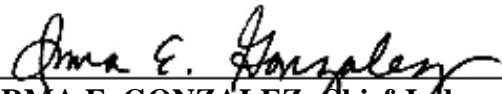
1 faith belief that an action is appropriate, especially when it is taken for a purpose other than deceiving
2 the public, can negate the inference of a purpose of deceiving the public.”).

3 **CONCLUSION**

4 For the foregoing reasons, ATC’s motion for reconsideration in light of the Federal Circuit’s
5 recent decision in Solo Cup, 608 F.3d 1356, is **DENIED**.

6 **IT IS SO ORDERED.**

7 **DATED: August 25, 2010**

8 
9 **IRMA E. GONZALEZ, Chief Judge**
10 **United States District Court**